

Message Text

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ACTION AID-05

INFO OCT-01 NEA-06 ISO-00 EB-04 IGA-01 RSC-01 DRC-01 /019 W

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R 120915Z OCT 74

FM AMEMBASSY CAIRO

TO SECSTATE WASHDC 9530

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E.O. 11652 N/A

TAGS: EAID, EG

SUBJECT: CONSTRUCTION EQUIPMENT REQUIREMENTS

REF: STATE 208667

1. EMBASSY CONSIDERS GROCEMAN TDY TO HAVE BEEN USEFUL AND PRODUCTIVE. HE MET WITH NUMEROUS OFFICIALS IN GOE MINISTRIES AND CONSTRUCTION COMPANIES, INSPECTED EQUIPMENT MAINTENANCE SHOPS AND JOB SITE FACILITIES, AND VISITED SUEZ CANAL AREA. HIS PROFESSIONAL COMPETENCE IS IMPRESSIVE.

2. AFTER REVIEWING THE WORK PROGRAM THAT IS CURRENTLY CONTEMPLATED, AND TAKING EXISTING EQUIPMENT INTO CONSIDERATION, GROCEMAN AGREES THERE IS AN URGENT NEED FOR SCRAPERS, BULLDOZERS, ROLLERS, CRUSHERS, ASPHALT PLANTS, ETC. ALTHOUGH THE GOE'S ORIGINAL LIST MAY REQUIRE SOME ADJUSTMENTS IN TERMS OF NUMBER AND SIZE OF INDIVIDUAL PIECES OF EQUIPMENT. HIS RECOMMENDATIONS WILL BE CONTAINED IN HIS FORMAL REPORT TO AID/W, WHICH SHOULD BE MADE AVAILABLE TO THE JWG AS SOON AS PRACTICABLE.

3. WE ARE CONCERNED OVER THE EXTENSIVE DELAYS THAT ARE ANTICIPATED IN THE DELIVERY OF CONSTRUCTION EQUIPMENT ONCE THE ORDERS ARE PLACED. AS WE UNDERSTAND IT, EVEN IF FIRM COMMITMENTS WERE RECEIVED TODAY FROM US SUPPLIERS OF BULLDOZERS, FOR EXAMPLE, IT MIGHT TAKE AS LONG AS 18 MONTHS TO RECEIVE THE ITEMS, A DELAY THAT IS EXPECTED TO INCREASE

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OVERTIME. WITH PASSAGE OF AID LEGISLATION ITSELF STILL

SOME MONTHS AWAY UNDER BEST OF CIRCUMSTANCES, THIS DELAY WOULD SHARPLY LIMIT OUR ABILITY TO MAKE A MEANINGFUL CONTRIBUTION TO THE RECONSTRUCTION OF THE SUEZ CANAL AREA, AN EFFORT OF HIGH IMPORTANCE POLITICALLY AS WELL AS ECONOMICALLY.

4. IN VIEW OF ABOVE, WE RECOMMEND THAT AID/W CONSIDER POSSIBILITY PLACING ORDERS AS SOON AS DECISIONS ARE REACHED ON THE EQUIPMENT. IN THE ABSENCE OF AID EXPERTS HERE (DAN PFOUTZ ARRIVES ON THE 17TH), WE DO NOT KNOW WHAT POSSIBILITIES EXIST UNDER APPLICABLE REGULATIONS, BUT ARE HOPEFUL THAT SOME MEANS CAN BE FOUND TO AVOID DELAYS.

5. THERE MAY BE OTHER POSSIBLE SOLUTIONS THAT MERIT CONSIDERATION. TWO WHICH HAVE OCCURRED TO US ARE THE PURCHASE OF SURPLUS OR RECONDITIONED EQUIPMENT FROM US MILITARY FORCES IN EUROPE, OR OF HAVING A US FIRM WHICH ALREADY HAS THE REQUISITE EQUIPMENT PERFORM THE WORK UNDER CONTRACT TO THE GOE (OR THE USG, E.T. SUEZ CANAL CLEARANCE). IN THIS CONNECTION, WE UNDERSTAND THAT THERE ARE MAJOR US CONSTRUCTION FIRMS IN SAUDI ARABIA THAT ARE PRESENTLY LOOKING FOR NEW PROJECTS. (IT MIGHT ALSO BE POSSIBLE FOR A US FIRM SET UP A JOINT VENTURE IN EGYPT UNDER THE NEW INVESTMENT LAW.)

6. PLEASE KEEP EMBASSY INFORMED ON THIS SUBJECT.
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